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**Directors**

Irving Goodman  
Nathan Goodman  
George S. Mann  
Lorie Waisberg

**Officers**

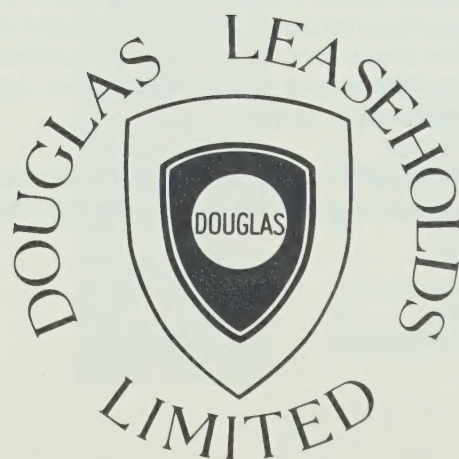
George S. Mann — President  
Lorie Waisberg — Secretary

**Transfer agents and registrars**

United Trust Company, Toronto

**Auditors**

Soberman, Isenbaum, Colomby & Nisker, Toronto



21 St. Clair Ave. E., Toronto, Ontario

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## Report to the shareholders

We are pleased to submit the Annual Report of Douglas Leaseholds Limited for the year ended December 31st, 1973.

Rental revenue increased by \$149,000 to \$1,072,000 — an increase of 16%.

Monsanto (Canada) Limited took over the complete operation of the Woodbridge manufacturing plant on January 1st, 1973 and are now directly responsible for all operating expense. The comparative figures for the year ended December 31st, 1972 have been reclassified to conform with the current year's presentation.

Dividend Income and Management Fees reflect a decrease of \$35,700 for the year due to Auto Electric Service Company, Limited discontinuing dividends for the last half of 1973.

Earnings per share for 1973, before an extraordinary item, were .16c compared with .20c in 1972, whereas cash flow was .37c in 1973 compared to .34c per share in 1972 (both before extraordinary item).

Due to changes in the marketing strategy of the petroleum industry, some service stations we have under lease to various companies are now considered surplus to their current requirements. We are arranging early lease termination in some instances and re-leasing to other users on more favourable terms.

This particular phase of our business will take on added importance during the coming years.

### **Auto Electric Service Company, Limited ("Autolec")**

During 1973 Autolec began its reorganization under the Presidency of Mr. James Hollister and indications are that 1974 should be a good year.

During the year the Company moved into new premises in Burnaby, B.C. New buildings are presently under construction in Ottawa and Brampton, Ontario, and developments are planned for Winnipeg, Regina and Montreal.

Autolec's product range is being constantly reviewed in line with the ever-changing needs of the consumer and modern techniques are being employed in merchandise handling.

### **Tru-Wall Concrete Forming Limited ("Tru-Wall")**

During the year we increased our holdings in Tru-Wall. As at December 31st, 1973 we owned 80,355 shares representing 21.7% of the shares issued.

Tru-Wall has continued its progress and has had another year of stimulating growth.

The outlook for Tru-Wall is most optimistic.

We would like to take this opportunity to thank Messrs. A. H. Douglas and J. J. Walsh for their many years of service on your Board of Directors: both have retired from your Board.

**George S. Mann**  
President



**Consolidated Statement of Earnings and Retained Earnings**  
**for the year ended December 31, 1973**

(with comparative figures for 1972)



	1973	1972 (note 2)
Income		
Rentals	\$ 1,071,613	\$ 922,614
Less rent paid on leased sites	130,528	131,318
	941,085	791,296
Sale of properties — net	22,041	2,878
Dividends and management fees	49,935	85,600
	1,013,061	879,774
Expenses		
Interest on long term debt	428,340	344,822
Other interest	101,400	49,219
Property operating expenses	170,609	122,141
Depreciation	95,267	75,852
	795,616	592,034
Earnings before income taxes and extraordinary item	217,445	287,740
Income taxes		
Current	40,106	107,580
Deferred	47,462	19,122
	87,568	126,702
Earnings before extraordinary item	129,877	161,038
Extraordinary item		
Income tax reduction resulting from application of prior years' losses	16,400	36,307
Net earnings	146,277	197,345
Retained earnings, beginning of year	885,377	688,032
Retained earnings, end of year	\$ 1,031,654	\$ 885,377
Earnings per share		
Before extraordinary item	\$ .16	\$ .20
Extraordinary item	.03	.05
Net earnings	\$ .19	\$ .25

See accompanying notes to financial statements.

# Consolidated Balance Sheet

as at December 31, 1973

(with comparative figures for 1972)

## ASSETS

1973

1972  
(note 2)

Sinking fund cash deposit  
Investment properties and equipment (note 3)  
Investment in shares of publicly held companies (note 4)  
Mortgage receivable  
Sundry assets and prepaid expenses  
Deferred financing costs (note 5)

\$ 124,678	\$ 121,751
11,715,850	9,206,532
1,054,513	946,064
—	25,098
69,861	139,149
197,183	166,957
<u>\$13,162,085</u>	<u>\$10,605,551</u>

## AUDITORS' REPORT

TO THE SHAREHOLDERS OF  
DOUGLAS LEASEHOLDS LIMITED

We have examined the consolidated balance sheet of Douglas Leaseholds Limited, as at December 31, 1973 and the consolidated statements of earnings, retained earnings and source and use of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the consolidated financial position of the companies as at December 31, 1973 and the results of their operations and the source and use of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada  
February 14, 1974

Soberman, Isenbaum, Colomby & Nisker  
Chartered Accountants



**Consolidated Balance Sheet**  
**as at December 31, 1973**  
(with comparative figures for 1972)



	1973	1972 (note 2)
<b>LIABILITIES</b>		
Bank indebtedness (note 6)	\$ 1,096,213	\$ 1,489,907
Accounts payable and accrued charges	123,090	474,838
Shareholder's loan (note 4)	90,000	90,000
First mortgage bonds payable (note 7)	2,552,000	2,731,000
Mortgages payable (note 7)	5,217,992	1,872,360
Income taxes payable	—	49,620
Deferred commissions payable	62,500	70,000
Deferred income	70,796	72,071
Deferred income taxes	246,960	199,498
	<u>9,459,551</u>	<u>7,049,294</u>
<b>SHAREHOLDERS' EQUITY</b>		
Capital stock		
Authorized    Issued		
1,500,000    790,000 common shares, without		
par value	1,066,200	1,066,200
Excess of appraised value of land included in		
properties over cost (note 3)	1,604,680	1,604,680
Retained earnings	1,031,654	885,377
	<u>3,702,534</u>	<u>3,556,257</u>
	<u><u>\$13,162,085</u></u>	<u><u>\$10,605,551</u></u>

See accompanying notes to financial statements.

Approved on behalf of the board

**G. S. Mann**, Director

**I. Goodman**, Director

**Consolidated Statement of Source and Use of Funds**  
**for the year ended December 31, 1973**  
(with comparative figures for 1972)

	<b>1973</b>	<b>1972</b> (note 2)
<b>Source of funds</b>		
Earnings before extraordinary item	\$ 129,877	\$ 161,038
Add: charges not requiring funds		
Depreciation and amortization	112,531	91,105
Deferred income taxes	47,462	19,122
Cash flow before extraordinary item	289,870	271,265
Extraordinary item	16,400	36,307
Cash flow including extraordinary item	306,270	307,572
Additional mortgage financing	3,874,000	225,000
Decrease (increase) in mortgage receivable and sundry assets	78,948	( 8,158)
Interim construction financing	—	657,050
	<u>\$4,259,218</u>	<u>\$1,181,464</u>
<b>Use of funds</b>		
Principal repayments on bonds and mortgages	\$ 707,368	\$ 273,061
Investment in shares of publicly held companies	108,449	2,949
Additions to property and equipment	2,600,985	1,556,499
Reduction (increase) in accounts payable and accrued charges	401,367	( 309,512)
Reduction of (addition to) bank indebtedness	393,694	( 344,613)
Increase in deferred financing costs	44,428	—
Increase in sinking fund deposit	2,927	3,080
	<u>\$4,259,218</u>	<u>\$1,181,464</u>
<b>Cash flow per share provided from operations</b>		
Before extraordinary item	\$ .37	\$ .34
After extraordinary item	.39	.39

See accompanying notes to financial statements.



# Notes to Consolidated Financial Statements

December 31, 1973



## 1. Summary of significant accounting policies

### (a) General

The Company is a member of the Canadian Institute of Public Real Estate Companies (CIPREC). The accounting practices followed by the Company and the disclosure of its financial information are in accordance with the recommendations of that Institute.

### (b) Basis of consolidation

The consolidated financial statements include the accounts of the Company's wholly owned subsidiary, Juniper Investments Limited.

### (c) Depreciation

The Company uses the sinking fund method of depreciation under which an increasing amount consisting of a fixed annual sum, together with interest computed at the rate of 5% per annum, is charged to income so as to fully depreciate the buildings over a 35-year period. Equipment is depreciated on a straight-line basis at 10% per annum.

### (d) Deferred financing costs

The mortgage financing costs are amortized over the term of their respective mortgage or loan.  
The leasing commissions are being amortized over the terms of the respective leases.

## 2. Comparative figures:

The comparative figures for the year ended December 31, 1972 have been reclassified to conform with the current year's presentation.

## 3. Investment properties and equipment

	1973	1972
Land — at cost	\$ 2,050,753	\$ 788,210
Land — at appraised value	3,821,410	3,821,410
Buildings and equipment — at cost	6,456,334	5,083,606
	12,328,497	9,693,226
Less: accumulated depreciation	607,187	516,688
	<u>\$11,721,310</u>	<u>\$9,176,538</u>

Land shown above at appraised value is based on an appraisal made June 30, 1968 by Canada Permanent Trust Company. The excess of appraised value over cost has been reduced from \$1,687,859 to \$1,604,680 as a result of the realization of appraisal through sale of properties.

## 4. Investment in shares of publicly held companies — at cost

Company	Percent Interest in Common Shares	Number of Shares	Cost	Quoted Market Value
Auto Electric Service Company, Limited	20.7%	130,000	\$ 727,611	\$ 643,500
Tru-Wall Concrete Forming Limited	21.7%	80,355	320,603	361,600
Sundry			6,299	2,750
			<u>\$1,054,513</u>	<u>\$1,007,850</u>

These shares have been pledged against bank indebtedness and Shareholder's loan.



#### 5. Deferred financing costs

	1973	1972
Unamortized mortgage financing costs	\$112,164	\$ 74,678
Unamortized leasing commissions	80,907	87,345
Prepaid rent	4,112	4,934
	<u>\$197,183</u>	<u>\$166,957</u>

#### 6. Bank indebtedness

The bank indebtedness is secured by a pledge of the investment in shares of publicly held companies.

#### 7. Long term debt

(a) First mortgage bonds payable	1973	1972
(i) Sinking fund bonds		
6¼% due March 1, 1988	\$ 434,000	\$ 469,000
6¼% due Nov. 1, 1988	310,000	330,000
6½% due Jan. 15, 1982	1,185,000	1,280,000
(ii) Serial bonds		
6¾% due Nov. 1, 1974 to 1985	308,000	329,000
6¾% due Jan. 1, 1974 to 1985	159,000	159,000
7½% due June 1, 1974 to 1985	156,000	164,000
	<u>\$2,552,000</u>	<u>\$2,731,000</u>
(b) Mortgages payable	1973	1972
First mortgages bearing interest at rates varying from 6% to 10½% and maturing in various years from 1974 to 1991	\$4,996,595	\$1,647,005
Second mortgages bearing interest at rates varying from 8% to 15% and maturing in various years from 1974 to 1989	221,397	225,355
	<u>\$5,217,992</u>	<u>\$1,872,360</u>

Long term debt is secured by specific charges on the Company's investment properties. The aggregate amounts of principal payments for the next five years are as follows:

1974	—	\$ 371,000
1975	—	361,000
1976	—	350,000
1977	—	396,000
1978	—	1,972,000

#### 8. Commitments

The Company is committed as a tenant under various leases to annual rentals of approximately \$138,000. All the leased properties have been sub-leased, mainly to major oil companies for periods that approximately coincide with the terms of the leases to the company. Each of the properties yields a rental equal to or greater than the rent paid by the company.

The Company has options to purchase all but two leased properties at the expiration of the respective lease terms.

#### 9. Remuneration of directors and senior officers

The aggregate direct remuneration for the year paid or payable to directors and senior officers amounts to \$74,603.

#### 10. Stock options

During the year the Company granted an option to an employee to purchase 2,000 common shares at \$2.65 per share expiring in 1975. No dilutive effect on earnings per share would result from exercise of this option.









## DOUGLAS LEASEHOLDS LIMITED

CONSOLIDATED STATEMENT OF SOURCE AND  
USE OF FUNDS

FOR THE SIX MONTHS ENDED JUNE 30, 1973

(with comparative figures for 1972)

(UNAUDITED)

	1973	1972
Source of funds		
Operations		
Income before extraordinary gain .....	\$ 79,767	\$ 76,734
Add: items not requiring cash outlay		
Depreciation and amortization .....	47,898	38,494
Deferred income taxes .....	15,200	9,679
Cash flow before extraordinary gain* .....	142,865	124,907
Extraordinary gain .....	14,000	14,000
Cash flow including extraordinary gain* .....	156,865	138,907
Mortgage proceeds .....	2,147,000	—
Increase (decrease) in bank indebtedness .....	( 712,586)	276,762
Sinking fund deposit .....	47,573	44,421
Decrease in accounts and mortgages receivable .....	21,098	—
	<u>1,659,950</u>	<u>460,090</u>
Use of funds		
Principal payments on bonds and mortgages .....	603,149	172,831
Investment in shares of publicly-held companies....	108,449	2,929
Purchase of properties .....	483,260	229,586
Reduction in accounts payable and accrued charges .....	408,517	—
Increase in deferred financing costs .....	43,665	—
Net charges in other assets and liabilities .....	12,910	54,744
	<u>1,659,950</u>	<u>460,090</u>
*Cash flow per share		
Net income .....	20¢	18¢
Income before extraordinary item .....	18¢	16¢

DOUGLAS  
LEASEHOLDS  
LIMITEDINTERIM REPORT  
TO SHAREHOLDERS

FOR THE SIX MONTHS ENDED

JUNE 30th, 1973



## DOUGLAS LEASEHOLDS LIMITED

### REPORT TO OUR SHAREHOLDERS

Your Directors submit an Interim Report of operations for the six-month period ended June 30th, 1973, with comparative figures for the similar period last year.

#### FINANCIAL

Rental revenue for the period totalled \$511,975 compared with \$645,246 in 1972. Our rental income decreased by \$143,271 due to Monsanto (Canada) Limited assuming all operating responsibilities at our manufacturing plant and warehouse in Woodbridge on January 1st, 1973. Our operating expenses decreased by \$179,706 in the same period. Our net revenue, after tax, was \$93,767 (12¢ per share) compared with \$90,734 (12¢ per share) in 1972.

#### TRU-WALL CONCRETE FORMING LIMITED

We increased our share ownership in Tru-Wall to 80,355 shares, approximately 22% of the issued shares. We are the largest single shareholder in Tru-Wall. The reported earnings for the nine-month period ended February 28th, 1973 were \$251,469 (68¢ per share) compared with \$63,696 (17.2¢ per share) the previous year. An extraordinary gain of \$50,806 added another 13.7¢ per share, bringing the total earnings to \$302,275 (81.8¢ per share). Their fiscal year ended May 31st, 1973, and we expect the final year-end results to be available in September.

#### AUTO ELECTRIC SERVICE COMPANY, LIMITED

Sales for the six-month period were \$15,875,000 compared with \$15,892,000 in 1972. The new management group has instituted a number of major changes in operating policies and procedures. They are very optimistic about the future profits to be obtained by Autolec in the automotive aftermarket. Profit for six months in 1973 was \$48,000 (8¢ per share) compared with \$103,000 (17¢ per share) in 1972.

#### OPERATIONS

We are proceeding with plans for the development of a number of Midas Muffler Shops at various locations in Ontario.

We have entered into an agreement to purchase eleven acres of prime land in Kitchener, Ontario. It has a unique commercial and high-density residential zoning use. The complete development plan is not yet finalized, but we have commitments from several major tenants to erect commercial buildings. However, if our ultimate plan is to develop with a combination of commercial and residential uses, we could construct buildings with 700 apartment suites along with a substantial commercial area.

While the higher interest rates now in effect tend to curtail development, we are optimistic about the balance of 1973.

## DOUGLAS LEASEHOLDS LIMITED

### CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE SIX MONTHS ENDED JUNE 30, 1973 (with comparative figures for 1972)

(UNAUDITED)

	1973	1972
Revenue		
Rental income	\$511,975	\$645,246
Less: rent paid on leased service stations	65,319	65,792
	446,656	579,454
Dividend income and management fees	33,506	48,633
Profit on real estate	9,469	3,235
	489,631	631,322
Expenses		
Interest on long term debt	189,362	165,788
Depreciation	43,210	34,802
Other operating expenses	115,292	294,998
	347,864	495,588
Net income before income taxes and extraordinary item	141,767	135,734
Income taxes	62,000	59,000
Net income before extraordinary item	79,767	76,734
Extraordinary item		
Tax reduction due to losses carried forward	14,000	14,000
Net income	93,767	90,734
Retained earnings at beginning of period	885,378	692,331
Retained earnings at end of period	\$979,145	\$783,065
Earnings per share		
Income before extraordinary item	10¢	10¢
Net income	12¢	12¢



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CanCorp

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## Douglas Leaseholds Limited

21 ST. CLAIR AVENUE EAST, TORONTO, ONTARIO M4T 1M1

TELEPHONE 967-5411

## CONSOLIDATED STATEMENT OF EARNINGS

FOR THE SIX MONTHS ENDED JUNE 30, 1974

(with comparative figures for 1973)

(UNAUDITED)

	1974	1973
Income		
Rentals	\$581,347	\$446,656
Other	34,701	42,975
	<u>616,048</u>	<u>489,631</u>
Operating costs and expenses		
Property operating, general and administrative expenses, except for the following:	151,324	115,292
Interest on long-term debt	307,531	189,362
Depreciation	57,708	43,210
	<u>516,563</u>	<u>347,864</u>
Earnings before income taxes and extraordinary item	<u>99,485</u>	<u>141,767</u>
Income taxes		
Current	12,700	46,800
Deferred	32,500	15,200
	<u>45,200</u>	<u>62,000</u>
Earnings before extraordinary item	✓ <u>54,285</u>	79,767
Extraordinary item		
Income tax reduction resulting from application of prior years' losses	<u>5,700</u>	<u>14,000</u>
Net earnings	<u>59,985</u>	<u>93,767</u>
Earnings per share		
Before extraordinary item	<u>7¢</u>	<u>10¢</u>
Extraordinary item	<u>1¢</u>	<u>2¢</u>
Net earnings	<u>8¢</u>	<u>12¢</u>

We are pleased to send to you this report for the six month period ended June 30, 1974. The high cost of long-term financing coupled with high costs of short-term funds have contributed to reduced earnings. We anticipate this trend to continue for the balance of the year.

*George S. Mann*  
George S. Mann  
President

